

STATE CONTROLLER'S OFFICE
PERSONNEL/PAYROLL SERVICES DIVISION
P. O. BOX 942850
Sacramento, CA 94250-5878

DATE: April 24, 2007

PAYROLL LETTER #07-008
CIVIL SERVICE ONLY

TO: All Agencies in the Uniform State Payroll System

FROM: Don Scheppmann, Chief
Personnel/Payroll Services Division

RE: **EXCLUDED EMPLOYEE LEAVE BUY BACK PROGRAM**

This Payroll Letter provides instructions for requesting pay for the Excluded Employee Leave Buy Back Program authorized by the Department of Personnel Administration (DPA) and Department of Finance for the fiscal year 2006-2007. For details of the program, please reference DPA's Personnel Management Liaison (PML) memorandum 2007-010.

Departments electing to participate in the Excluded Employee Leave Buy Back Program may submit payment requests effective immediately through September 30, 2007. Per DPA, payments must be charged to the fiscal year 2006-2007 by using the April 2007 through June 2007 pay periods. Excluded Employee Leave Buy Back payments are based on the employee's hourly salary rate multiplied by the number of hours bought back. For example, the calculation for an employee whose salary full is \$4,200.00 and the State is buying back 40 hours of Annual Leave credits is as follows:

Hourly Rate (\$4,200.00/173.33 hours)	\$24.23
Annual Leave hours bought back	x 40
Annual Leave Buy Back Gross	\$969.20

TAXES

Excluded Employee Leave Buy Back payments are subject to federal and state tax withholdings. Payments are also subject to Social Security and Medicare tax withholdings where applicable. Excluded Employee Leave Buy Back payments are NOT subject to retirement. The tax rates are as follows:

25%	Federal Tax (flat rate)
6%	State Tax (flat rate)
6.2%	Social Security (if applicable)
1.45%	Medicare (if applicable)

PROCESSING PAYMENTS

All payment requests should be submitted via the PIP System. Use the form STD. 671, Miscellaneous Payroll/Leave Actions to document the information to enter into the PIP System. Please refer to PPM Section G 105 and below for form STD. 671 completion instructions and PPM Section K for PIP System instructions. Also review the PIP exceptions in PPM Sections G 045 and G 105.

Use the following Earning ID's to request Leave Buy Back payments, and manually update leave balances.

<u>PAYMENT REQUEST</u>	<u>EARNINGS ID</u>
Annual Leave and Vacation Buy Back	9V
Holiday Credit Buy Back	9H
Personal Holiday Credit Buy Back	9P
Personal Leave /Personal Leave 2003 Buy Back	*99

For CLAS users the Earnings ID's listed below will issue Leave Buy Back payments and update CLAS leave records.

<u>PAYMENT REQUEST</u>	<u>EARNINGS ID</u>
Annual Leave Buy Back	AL34
Holiday Credit Buy Back	HC34
Personal Holiday Buy Back	PH34
2003 Personal Leave Buy Back	*LD36
Personal Leave Buy Back	*PL36
Vacation Leave Buy Back	VA34

* For this Leave Buy Back Program, Earnings ID's 99, LD36, and PL36 "Cash Out" transactions will be used to issue payments.

Before keying via PIP, complete form STD. 671, items 1-3, 15-17, and 19-21 as follows:

<u>ITEM NUMBER(S)</u>	<u>ITEM NAME</u>	<u>ACTION</u>
1-3	Pay Period	-Complete (must be April 2007, May 2007, or June 2007)
15	Earnings ID	-Complete
16	Days	-Blank
17	Hrs/Hdths	-Blank if Earnings ID = 9V, 9H, 9P -Complete if Earnings ID = 99, AL34, HC34, PH34, VA34, LD36, or PL36 and premium pays are locked in
19	Hourly Rate	-Blank
20	WWG/FLSA	-Blank
21	Computed Gross	-Blank if Earnings ID = 99, LD36, or PL36 -Complete if Earnings ID = 9V, 9H, 9P, AL34, HC34, PH34, or VA34

If the employee's leave buy back hourly rate includes premium pays that are NOT locked in on the employee's employment history record, pay must be requested via a form STD. 674, Payroll Adjustment Notice. If an employee is off pay status during April 2007, May 2007, or June 2007, pay must be requested via form STD. 674, Payroll Adjustment Notice. If payment is requested using form STD. 674, Payroll Adjustment Notice, do not use the CLAS earnings ID's. Refer to PPM Section G 045 and G 105 for form STD. 674 completion instructions for requesting leave buy back payments.

Please direct questions regarding Leave Buyback payments to the Civil Service Payroll Liaison Unit at (916) 323-3081. Questions regarding the payment procedures for CLAS should be directed to the CLAS Hot Line at (916) 327-0756. For information regarding the Excluded Employee Leave Buy Back Program, please refer to DPA PML 2007-010.

DS:LM:PMAB